

25 AUG 1965

Mr. Andrew E. Ruddock, Director
Bureau of Retirement and Insurance
United States Civil Service Commission
Washington, D. C. 20415

Dear Mr. Ruddock:

This letter sets forth proposed changes in premium rates which we desire to make in our Association Benefit Plan for the coming contract year. In addition, we will specify the specific changes in benefits for which your approval is requested. In this connection, we reported in our letter of 21 June 1965 a series of benefits changes which our Board of Directors was considering. The final decision could not be made at that time since we were still waiting for information from the underwriter on the premium charge for the proposed benefits. For this reason, our earlier letter recorded our request for several benefit changes and noted that a final decision would be made later.

At its meeting on 20 August 1965, our Board of Directors authorized me to request the following benefit changes in our high option Association Benefit Plan:

- a. An increase in the hospital miscellaneous benefits from \$202.50 plus 80% of the next \$5,000 for 90 days to payment in full for 90 days for any one period of hospital confinement.
- b. An addition to the contract providing an incidental X-ray and laboratory expense benefit of \$75 for each calendar year.
- c. An increase in the maximum major medical benefit from \$20,000 to \$30,000.
- d. An increase in the maternity benefits from the present limits of \$16 a day for up to 8 days to \$20 a day with a maximum of 8 days.

Please note that the proposed benefits listed above were set forth in paragraph 2b, c, e, and f of our letter of 21 June 1965.

Further, our Board has authorized me to request approval for an additional 1% administrative expense allowance over and above the 1% allowance currently in effect. The total 2% administrative allowance would apply to both our low and high option Association Benefit Plan.

We have been informed by our underwriter that the total charge for the benefits specified above would require an additional \$. 71 bi-weekly for the high option family plan and an additional \$. 25 bi-weekly for the high option single plan. Based on our calculations, the cost of the proposed benefits and the 2% administrative allowance, if the additional 1% allowance is approved, would result in a brochure rate for the high option bi-weekly family plan of \$6. 15 and for the high option single plan, \$2. 02.

Please note further that our underwriter has informed us that it is seeking no increase in premium.

We have looked very carefully at the degree to which our high option plan might be improved by the addition of the benefits specified above and are quite confident that these benefits will add significantly to the hospitalization protection afforded our subscribers. We strongly request, therefore, that approval be granted for these proposed benefits as well as for the additional 1% administrative expense allowance.

We are available for discussion of our proposed changes with representatives of your office as you may feel necessary.

Very truly yours,

President

cc: Mr. Joseph E. Jones, General Agent
1666 Connecticut Avenue, N. W.
Washington, D. C. 20009

Mr. Norman C. Conway, Regional Manager
United of Omaha, Suite 1215
1750 Pennsylvania Avenue, N. W.
Washington, D. C. 20006

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OP/BSD [redacted] bhd (25 August 1965)